



COMMONWEALTH of VIRGINIA

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September 12, 2011

Mr. Glen Tittermary, Director
Joint Legislative Audit and Review Commission
Suite 1100
General Assembly Building
Richmond, VA 23219

Dear Mr. Tittermary:

As a follow up to VITA's rate submission letter dated August 24, 2011, VITA hereby submits this letter to JLARC staff as notification of changes to VITA's mainframe rates effective September 1, 2011.

Changes in demand for mainframe services and a contractually required cost of living adjustment specified in the Commonwealth's contract with Northrop Grumman require VITA to revise mainframe rates. Accordingly, effective September 1, 2011 all ten (10) mainframe related rates will change. The overall impact to customer bills is relatively flat from the previous fiscal year; increasing by only 0.04%. However, individual agency impact varies, with some increases and some decreases.

| FY 2011 VITA Mainframe Revenue | FY 2012 Mainframe Projections <i>with</i> proposed rate changes |
|---|--|
| \$42.53M | \$42.55M |

The majority of the Commonwealth's IT expenses and VITA's proposed rates will continue to be driven by charges assessed by the Commonwealth's primary IT service provider, Northrop Grumman. With the exception of the Mainframe CPU rates, VITA's proposed rate structure mainframe services will continue to align one-for-one with the resource-unit (RU) charging model in the Commonwealth's contract with Northrop Grumman.

We are resubmitting our Proposed FY 2012 Commonwealth IT Rates spreadsheet for your review, which now includes the proposed changes to mainframe rates. The spreadsheet provides the make-up of each of the mainframe rates, along with a description of each service. Agency impacts as a result of these rate changes are also attached.

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We welcome the opportunity to discuss this information with you and your staff. If you have any questions, please give me a call at (804) 416-6009.

Sincerely,

A handwritten signature in black ink that reads "Dana Smith". The signature is written in a cursive, flowing style.

Dana Smith
Director, Finance and Administration

Attachments

cc: Jim Duffey, Secretary of Technology
Sam Nixon, CIO of the Commonwealth
Dan Timberlake, Director, Department of Planning and Budget